



THE REPUBLIC OF SOUTH SUDAN  
MINISTRY OF PETROLEUM AND MINING



Minister's Office

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## Press Release

### Republic of South Sudan Takes Charge of its Oil industry for the benefit of its People.

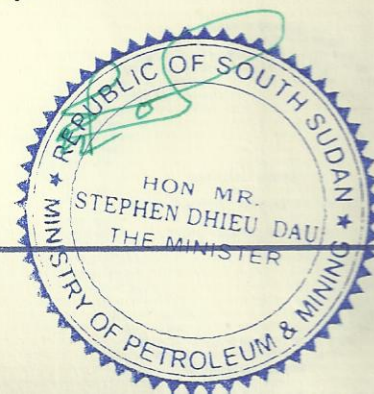
Through the activities of its Ministry of Petroleum and Mining, the Republic of South Sudan is making it clear that this new nation and not Khartoum or another entity shall control the management of its natural resources. The recent Presidential Order divesting Sudapet of its interests in South Sudan is just only one of many measures being taken to ensure that, the oil of South Sudan must benefit the interest of its people.

Indeed, the Ministry is actively taking deliberately steps to:

- (i) prevent unauthorized interferences in its oil sector,
- (ii) secure restitution where interferences have taken place,
- (iii) confer opportunities to those wishing to collaborate to establish a sustainable oil industry that protects the rights of its people, and
- (iv) explore and procure new technology and infrastructure that will increase the economic potential of resources through approaching all friendly countries.

As of July 9, all entitlements of crude oil allocations from profit oil to South Sudan are now being sold entirely by the Ministry and all proceeds are deposited in the designated Accounts of the government of South Sudan through transparent manner to benefit the people. As from July 9<sup>th</sup>, 2011 to December 31<sup>st</sup>, 2011, South Sudan has sold **33.4 Million barrels** at the amount of US\$ 3.2 Billion from the producing blocks, namely:

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- (i) Unity State (Blocks 1, 2, 4 and 5A) – **Nile Blend** was 7.2 Million Barrels at the amount of US\$ 0.8 billion representing 25% of the whole oil proceeds.
- (ii) Upper Nile State (Block 3 and 7) – **Dar Blend** was 26.2 million barrels at the amount of US\$ 2.4 Billion, three quarters of the sale; is the highest in oil production in the country.

For transparency and public accessibility to information, the Ministry will be publishing quarterly all information and data related to production, sales, prices, revenues ,destinations and companies operating in the oil trade. Website of the Ministry will also be established as another source of owning information to the people of the Republic of South Sudan.

The Ministry has also informed all foreign oil companies (FOCS) and potential buyers of South Sudan crude oil that no other nation or entity has been authorized to sell its oil. All are on notice that if they purchase any South Sudan crude oil that has been expropriated or otherwise placed on the market by another institution without the South Sudan's consent, they will be held accountable and their future relations with South Sudan shall be jeopardized.

Furthermore, the Presidential Order No. 27/2011 for transfer of the Sudapet interest in South Sudan to Nilepet, was a legitimate act of sovereignty affirming that the Government of Sudan's State oil company, Sudapet, shall now divest all of its rights and interests to the Nile Petroleum Corporation ( Nilepet) on behalf of the Government of South Sudan. As an instrumentality of Government of Sudan, Sudapet was originally created with the capital generated from the oil resources of South Sudan, as a means for Sudan to continue to benefit from the South Sudan's natural resources and continue to influence its development through Sudapet's role in the oil sector operating companies.

Sudapet Divesture was already agreed to with Sudan, In the pre-secession negotiations and the Interim Constitutions of Sudan and Sudan South both of which provided that upon secession all rights, interests and representations of each respective Government would be deemed, terminated within their respective territories.





In the negotiations with foreign oil companies (FOCs) the Ministry has repeatedly clarified that South Sudan desire no interruptions in the FOCs's operations and that they currently operate in South Sudan on an interim basis pending the conclusion of new contract with South Sudan .The Ministry is pleased to announce that negotiations with FOCs of producing oil blocks are far advanced and new agreements will be signed before the end of the year. In the meantime, the FOCs know that they must comply with all laws of South Sudan, including the recent Presidential Order on Sudapet. The FOCs are aware that Sudapet will no longer receive any entitlement from South Sudan's crude oil or sit on the boards of operating companies when they make decisions of South Sudan's resources.

The Ministry has further made it clear that while Sudapet has continued to collect revenues from South Sudan crude oil since July 9 this will be paid to South Sudan by the Sudan along with all oil revenues entitlements areas from January 2011 to July 8<sup>th</sup>, 2011, when Khartoum has withheld in a violation of the CPA Wealth sharing provisions.

Additionally, in the spirit of advancing the economy viability of both states, South Sudan has agreed to drop its claim to ownership of infrastructure in the Sudan and agreed to conclude a fair commercial arrangements to pay a pipeline tariff based on the terms of existing transportation agreements as well as a cost based fee for the use of processing and refining facilities located in Sudan. FOCs, acting as operators of these facilities have been informed in no uncertain terms that any taking of South Sudan crude oil entitlement as payment in kind for these fees to Sudan prior to the settlement of the terms of payment shall be considered an affront to the Sovereignty of South Sudan and prejudice their future relations with South Sudan.

The Ministry also has taken steps to purchase a Micro refinery for South Sudan and to establish Petroleum infrastructure development team which includes representatives from all relevant Ministries as well as advisors. This team is working aggressively to produce new feasibility studies regarding the construction of a larger refinery in South Sudan and a new



Trans-boundary pipeline. Within the next few weeks South Sudan will send officials to its neighboring countries that have proposed cross-border pipeline arrangements with South Sudan. In addition, the Ministry's various meetings discuss an immediate construction of new processing facilities in South Sudan that promise to significantly enhance the oil recovery from the existing wells.

In conclusion, the Ministry wants to assure all of its commitment to cooperate with all current and future partners and investors in our oil and gas sector. The Ministry also is eager to conclude fair commercial petroleum deals with Sudan that will benefit both of our people and ensure our mutual economic viability.



**Stephen Dhieu Dau**  
**Minister,**  
**Ministry of Petroleum and Mining**

